

**TAPS Oil Movements Historical Data
Reporting for December 2000**

The attached operations reports depict TAPS oil movements. Throughout the day, the Operations Control Center at the Valdez Marine Terminal receives data from metering systems that are located at Pump Station 1, Golden Valley Electric Association, Petro Star Valdez Refinery and Valdez Marine Terminal. Every 24 hours the data is compiled and transmitted to Anchorage.

The first page of the attachment, known as the OMH-2A report, shows the daily ending volume (measured in barrels) in the tanks at Pump Station 1, as well as the daily tankage change. The output number (reflected in the "Output" column) either adds or subtracts the tankage change to the total metered volume from the Producers to determine the actual volume which entered the pipeline.

The second page of the attachment, known as the OMH-3C report, shows the daily data pertaining to oil movements at Valdez. It reflects the volume (measured in barrels) that flows through the incoming meters from the pipeline and the volume loaded onto vessels by berth, together with (in the "Valdez Loadings" column) loadings from all berths.

RCA Tariff Materials

RCA No. 311Twenty-sixth RevisedSheet No. 10

Canceling

Twenty-fifth RevisedSheet No. 10**BP PIPELINES (ALASKA) INC.****3. RATES**

| | <u>From</u> | <u>To</u> | <u>Rates in Dollars and Cents Per Barrel</u> |
|-----|-----------------------|--------------------------------------|--------------------------------------------------|
| 3.1 | Pump Station #1 | Valdez Marine Terminal, AK | |
| | Sadlerochit Petroleum | | \$3.40 [I] |
| | Kuparuk Petroleum | | \$3.40 [I] |
| | Lisburne Petroleum | | \$3.40 [I] |
| | Endicott Petroleum | | \$3.40 [I] |
| 3.2 | Pump Station #1 | Golden Valley Electrical Association | |
| | Sadlerochit Petroleum | | \$1.61 |
| | Kuparuk Petroleum | | \$1.61 |
| | Lisburne Petroleum | | \$1.61 |
| | Endicott Petroleum | | \$1.61 |
| 3.3 | Pump Station #1 | Petro Star Valdez Refinery | |
| | Sadlerochit Petroleum | | \$3.38 [I] |
| | Kuparuk Petroleum | | \$3.38 [I] |
| | Lisburne Petroleum | | \$3.38 [I] |
| | Endicott Petroleum | | \$3.38 [I] |

The rates indicated are exclusive of any demurrage or other charges shown in BP Pipelines (Alaska) Inc.'s FERC Tariff and any amounts that BP Pipelines (Alaska) Inc. is required by any law or regulation to collect, including, but not limited to, any amounts to be collected for the Trans Alaska Liability Fund. No gathering service will be performed by this Carrier.

(1) These rates are filed in accordance with and in reliance upon Order No. 41 of the Alaska Public Utilities Commission in Docket No. P-86-2 and Order No. 7 of the Alaska Public Utilities Commission in Docket No. P-86-3, dated October 29, 1993.

Symbol: [I] Denotes an increase

Tariff Advice No. 78-311 Supplement No. 1

Effective Date: January 1, 2001

Issued by: **BP PIPELINES (ALASKA) INC.**

By: _____

G.D.A. Brebner

Title: Secretary

CORRECTED NOTICE OF TARIFF FILINGS BY TRANS ALASKA PIPELINE CARRIERS

The REGULATORY COMMISSION OF ALASKA gives notice that each of the seven Trans Alaska Pipeline System (TAPS) carriers has filed tariff revision(s) as listed below. The carriers request an effective date of January 1, 2001, for the filings.

| CARRIER | REVISED RATES | QUALITY BANK |
|-------------------------------------------------|---------------|--------------|
| Amerada Hess Pipeline Corporation (Amerada) | TL75-300 | TL74-300 |
| BP Pipelines (Alaska) Inc. (BP) | TL78-311 | TL78-311 |
| Exxon Pipeline Company (Exxon) | TL94-304 | TL93-304 |
| Phillips Alaska Pipeline Corporation (Phillips) | TL82-310 | TL83-310 |
| Phillips Transportation Alaska, Inc. (PTAI) | TL76-301 | TL77-301 |
| Unocal Pipeline Company (Unocal) | TL89-312 | TL88-312 |
| Williams Alaska Pipeline Company (WAPCO) | TL74-308 | TL75-308 |

Following is a summary of the presently assessed and the proposed intrastate tariff rates per barrel for general transportation of Sadlerochit, Kuparuk, Lisburne, and Endicott petroleum through the TAPS.

| | Prudhoe Bay to North Pole | | Prudhoe Bay to Valdez Marine Terminal | | Prudhoe Bay to PetroStar Connection at Valdez | |
|---------------------|---------------------------|----------|---------------------------------------|----------|-----------------------------------------------|----------|
| | Present | Proposed | Present | Proposed | Present | Proposed |
| AMERADA (TL74-300) | \$1.52 | \$2.06 | \$2.55 | \$3.40 | \$2.53 | \$3.36 |
| BP (TL78-311) | \$1.61 | \$1.61 | \$2.61 | \$3.54 | \$2.56 | \$3.52 |
| EXXON (TL94-304) | \$1.98 | \$2.16 | \$3.22 | \$3.89 | \$3.20 | \$3.67 |
| PHILLIPS (TL82-310) | \$1.74 | \$2.23 | \$2.81 | \$3.64 | \$2.80 | \$3.62 |
| PTAI (TL76-301) | \$1.97 | \$2.23 | \$3.20 | \$3.63 | \$3.18 | \$3.62 |
| UNOCAL (TL89-312) | \$1.84 | \$2.40 | \$2.98 | \$3.83 | \$2.97 | \$3.91 |
| WAPCO (TL74-308) | \$1.86 | \$2.14 | \$3.02 | \$3.49 | \$3.01 | \$3.48 |

All the carriers propose to decrease the Quality Bank Gravity Differential Value per Barrel from \$0.0194 to \$0.0167 per one-tenth degree API gravity.

Detailed information may be obtained from the TAPS carriers at the following addresses.

Amerade - c/o Albert S. Tabor, Jr., Vinson & Elkins L.L.P.,
2300 First City Tower, 1001 Fannin Street, Houston, TX 77002-8760
PTAI - 700 G Street, Rm 919 Anchorage, AK 99501
BP - 900 East Benson Blvd., P.O. Box 190848, Anchorage, AK 99519-0848
Exxon - P. O. Box 2220, Houston, TX 77252-2220
Williams - Dorsey & Whitney LLP, 1031 W. 4th Ave., Suite 600, Anchorage, AK 99501
Phillips - Guess & Rudd, 510 L Street, Suite 700, Anchorage, AK 99501
Unocal - 909 W. 9th Street, Anchorage AK 99501

The Commission may approve a rate or classification which varies from those proposed. To the extent allowed by law, you may inspect the filings at the Commission's offices at 1016 West Sixth Avenue, Suite 400, Anchorage, Alaska 99501.

To comment on these filings, please file your comments by December 22, 2000, and include a statement that you've filed a copy of the comments with the TAPS carriers. If you need a special accommodation to make your comments, please contact Georgann Joy at 263-2107/TTY: 276-4533 by December 15, 2000.

DATED at Anchorage, Alaska, this 14th day of December, 2000.

REGULATORY COMMISSION OF ALASKA


G. Nanette Thompson
Chair

FERC Tariff Materials

F.E.R.C. No. 25

(Issued in lieu of F.E.R.C. No. 24 which was withdrawn.)

(Cancels F.E.R.C. No. 21)

BP PIPELINES (ALASKA) INC.

LOCAL TARIFF

Applying on the Transportation of Petroleum by BP Pipelines (Alaska) Inc. through the Trans Alaska Pipeline System and Loading on Vessels Bound for Destinations Outside Alaska.

| FROM | TO | RATE IN DOLLARS AND CENTS PER BARREL OF 42 U.S. GALLONS |
|-----------------|------------------------------------------------------|------------------------------------------------------------|
| Pump Station #1 | Ship's Rail at Valdez Marine Terminal, Valdez, AK | \$ 3.40 [I] |

Note: Petroleum is defined as any petroleum delivered to CARRIER at Pump Station #1 from either Prudhoe Bay Unit through Skid 50, Kuparuk Transportation Company, Lisburne Production Center, or the Endicott Pipeline Company.

The movements cited above are subject to the Rules and Regulations in BP Pipelines (Alaska) Inc.'s F.E.R.C. No. 17, supplements thereto or successive issues thereof. In addition, the rate indicated above is exclusive of any penalties or other charges shown in F.E.R.C. No. 17, supplements thereto or successive issues thereof and any amounts required by any applicable law or regulation to be collected including but not limited to the amounts to be collected for the Trans Alaska Pipeline Liability Fund.

Pursuant to the Pumpability Settlement Agreement, which as been approved by the Federal Energy Regulatory Commission in Docket Nos. IS92-3-000, et.al. and OR92-5-000, the Pumpability Factors for all Alaska North Slope Petroleums are set at 1.0.

GATHERING RATE: - The rate indicated above covers transportation by trunk line only and no gathering service will be performed under this tariff. Governed, except as otherwise provided herein, by Rules and Regulations shown in BP Pipelines (Alaska) Inc. F.E.R.C. No. 17, supplements thereto or successive issues thereof.

The provisions published herein will, if effective, not result in an effect on the quality of the human environment.

SPECIAL PERMISSION REQUESTED

Issued on 3 days notice under authority of 18 C.F.R. § 341.14. This tariff publication is conditionally accepted subject to refund pending a 30-day review period.

This tariff is under the authority of the Order of the Federal Energy Regulatory Commission Approving Settlement, Granting Application, Affirming Initial Decision, and Terminating Dockets issued June 27, 1986, in Docket Nos. OR78-1 and IS84-13-000.

ISSUED: DECEMBER 28, 2000

EFFECTIVE: JANUARY 1, 2001

Symbols: [I] Increase

[W] Change in wording only

[W]

Issued by

Albert N. Bolea, President
BP Pipelines (Alaska) Inc.
900 E. Benson Blvd., MB11-5
P. O. Box 190848
Anchorage, Alaska 99519-0848
Telephone 907-564-5757

Compiled by

Stuart Bunnell
900 E. Benson Blvd., MB11-5
P. O. Box 190848
Anchorage, Alaska 99519-0848
Telephone 907-564-5932

BP PIPELINES (ALASKA) INC.

LOCAL TARIFF

Containing

RULES AND REGULATIONS

For the Transportation of

PETROLEUM

**Through the Trans Alaska Pipeline System and
Loading Into Marine Vessels at Valdez, Alaska**

Rules and Regulations published herein apply only under tariffs making specific reference by number to this tariff; such reference will include supplements hereto and successive issues hereof.

The provisions published herein will, if effective, not result in an effect on the quality of the human environment.

ISSUED: December 1, 2000

EFFECTIVE: January 1, 2001

Issuing officer:

[W] Albert N. Bolea, President
BP Pipelines (Alaska) Inc.
900 E. Benson Blvd., MB11-5
P. O. Box 190848
Anchorage, Alaska 99519-0848
Telephone: 907-564-5757

Compiled by:

Stuart Bunnell
BP Pipelines (Alaska) Inc.
900 E. Benson Blvd., MB11-5
P. O. Box 190848
Anchorage, Alaska 99519-0848
Telephone: 907-564-5932

TABLE OF CONTENTS

| <u>SUBJECT</u> | <u>ITEM NO.</u> | <u>PAGE NO.</u> |
|-------------------------------------------------------------------|---------------------|-----------------|
| Definitions | 5-A | 3-6 |
| Commodity | 10 | 6 |
| Specifications as to Quality Received | 15-A | 6-7 |
| Shipments, Maintenance of Identity | 20 | 7 |
| Duty of Carrier | 25 | 7 |
| Title | 30-A | 7 |
| Gauging, Testing and Volume Correction | 35 | 7-8 |
| Time | 40 | 8 |
| Scheduling and Use of Terminal, and Penalty Provisions | 45-A | 8-10 |
| Application of Rates, Charges, Rules and Regulations | 50 | 10 |
| Scheduling of Pipeline and Apportionment of Throughput Capability | 55-B | 11-14 |
| Payment of Transportation and Other Charges | 60 | 15-16 |
| Liability of Carrier | 65 | 16 |
| Claims, Suits, and Time for Filing | 70 | 17 |
| Legality of Shipments | 75 | 17 |
| Inhibitors | 80 | 17 |
| Destination Facilities | 85 | 17 |
| Origin Facilities | 90 | 18 |
| Charge for Trans Alaska Pipeline Liability Fund | 95-A | 18 |
| Petroleum Fill Requirements | 100 | 18 |
| Rates Applicable to and from Intermediate Points | 105-A | 18 |
| In Transit Shipments | 110 | 18-19 |
| [W] Quality Bank | 115-F | 19-22 |
| Connections to the Trans Alaska Pipeline System | 120 | 22 |

ITEM

NO.

SUBJECT

RULES AND REGULATIONS

5-A

Definitions

[R4]

"Actual Arrival Time" as herein used means the time, according to Valdez, Alaska local time, that a Vessel, after entering the Prince William Sound Vessel Traffic Service Area or an area subsequently designated by the Carrier communicates to the Carrier's Operating Agent its readiness to commence loading.

"API" as herein used means American Petroleum Institute.

"API Gravity" as herein used means gravity determined in accordance with ASTM Designation D-287-67 (API 2544) or latest revision thereof.

"ASTM" as herein used means American Society for Testing Materials.

"Available Throughput Capability" as used herein means the difference, if any, between the Estimated Throughput Capability and the total Nominations that Carrier has accepted as of the time Available Throughput Capability is determined.

"Barrel" as herein used means forty-two (42) U.S. gallons at sixty degrees (60°) Fahrenheit and atmospheric pressure.

"Carrier" as herein used means and refers to BP Pipelines (Alaska) Inc. and/or other pipeline companies which may, by proper concurrence, be parties to joint tariffs incorporating these rules and regulations by specific reference.

"Carrier's Working Capacity" as used herein means Working Capacity multiplied by the Carrier's percentage of undivided interest ownership in the Terminal.

"Carrier's Working Inventory" as used herein means the volume of Petroleum in the custody of the Carrier that constitutes a part of Working Inventory at any given time.

"Consignee" as herein used means anyone to whom Petroleum transported under this tariff is consigned to when delivered out of the System.

"Day" as herein used means the period of time commencing at 0000 hours on one day and running until 2400 hours the same day according to Valdez, Alaska, local time.

"Deadline for Initial Nominations" as used herein means a time that the Carrier will designate as described in part 1. of paragraph (B) of Item 55.

| ITEM | SUBJECT | RULES AND REGULATIONS |
|------|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NO. | | |
| 5-A | Definitions (continued) | <p data-bbox="651 178 1406 279">“Estimated Throughput Capability” as used herein means the throughput capability in the System that is available to the Carrier to provide transportation in accordance with the terms of this tariff.</p> <p data-bbox="651 321 1406 422">“Initial Nomination” as used herein means a Nomination for the coming Month that the Carrier receives from a prospective Shipper by the Deadline for Initial Nominations for such month.</p> <p data-bbox="651 464 1406 564">“Lifting Schedule” as herein used means the schedule of Vessels expected to call at the Terminal prepared by the Carrier’s Operating Agent.</p> <p data-bbox="651 606 1406 707">“Month” as herein used means a calendar month commencing at 0000 hours on the first day thereof and running until 2400 hours on the last day thereof per Valdez, Alaska, local time.</p> <p data-bbox="651 749 1406 850">“Nomination” as used herein means a request by a prospective Shipper for transportation in accordance with the terms of this tariff.</p> <p data-bbox="651 892 1406 993">“100 Barrel-Mile Deliveries” as herein used means the number of Barrels of Petroleum delivered out of the System multiplied by the number of miles each such Barrel was transported, divided by 100.</p> <p data-bbox="651 1035 1406 1136">“Operating Agent” as herein used means the agent engaged by the Carrier to perform the physical operation and maintenance of Carrier’s interest in facilities through which Petroleum is moved under the provisions of this tariff.</p> <p data-bbox="651 1178 1406 1278">“Operating Agent Business Day” as used herein means a regularly scheduled work Day for the Operating Agent’s scheduling department.</p> <p data-bbox="651 1320 1406 1421">“Petroleum” as herein used means unrefined liquid hydrocarbons including gas liquids.</p> <p data-bbox="651 1463 1406 1564">“Petroleum Fill Requirement” as herein used means the quantity of Petroleum in Barrels supplied by Shipper under Item 100 hereof.</p> <p data-bbox="651 1606 1406 1707">“Pipeline Scheduling Deadline” as used herein means 2400 hours on the 15th Day of the Month prior to the Month for which the Nomination is to be effective, or, if the 15th Day is not an Operating Agent Business Day, 2400 hours on the first Operating Agent Business Day thereafter.</p> <p data-bbox="651 1749 1406 1850">“Port Information Manual” means the manual governing the characteristics, required equipment and operation of vessels arriving to lift Petroleum at Valdez. Copies of the Port Information Manual are available upon written request.</p> |

| ITEM | NO. | SUBJECT | RULES AND REGULATIONS |
|------|----------------------------|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5-A | Definitions (continued) | | <p>“Revised Nomination” as used herein means a Nomination the Carrier receives after the Pipeline Scheduling Deadline.</p> <p>“Scheduled Arrival Day” as herein used means the Day, stated in a Lifting Schedule, that a vessel is scheduled to enter the Prince William Sound Vessel Traffic Service Area.</p> <p>“Shipment” as herein used means transportation by the Carrier of a stated quantity of Petroleum from a specified origin or origins to a specified destination, or destinations, in accordance with these rules and regulations.</p> <p>“Shipper” as used herein means a party that nominates and thereafter actually delivers Petroleum for transportation by the Carrier under the terms of this tariff.</p> <p>“Supplemental Nomination” as used herein means a Nomination that the Carrier receives from a prospective Shipper by the deadline the Carrier sets for the receipt of such Supplemental Nomination.</p> <p>“System” as herein used means a Petroleum pipeline forty-eight inches (48”) in diameter extending from a point at or near Prudhoe Bay to a point near Valdez, Alaska, together with suitable pump stations, tankage, docks, communications facilities, and other related facilities, equipment and appurtenances including facilities associated with the holding of Petroleum for delivery to Vessels and associated with such delivery, in which the Carrier owns an undivided interest.</p> <p>“Terminal” as herein used means the portion of the System consisting of crude oil tankage, tank farm manifolds, tank vent lines, vapor recovery system power generating facilities and other related facilities, equipment and appurtenances located at Valdez, Alaska, in which the Carrier owns an undivided interest.</p> <p>“Vessel(s)” as herein used means any tanker, tank ship or vessel scheduled to load Petroleum at the Terminal which has been transported under the terms of this tariff.</p> <p>“Week” or “Weekly” as herein used means seven consecutive days commencing on Monday at 0000 hours and running until 2400 hours the next succeeding Sunday according to Valdez, Alaska, local time.</p> |

| ITEM | NO. | SUBJECT | RULES AND REGULATIONS |
|--------------|------------------------------------------|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5-A | Definitions (continued) | | <p>"Working Capacity" as herein used means the total capacity of all operational tanks for the handling of Petroleum at the Terminal, pending loading on vessels, between 2'6" above the bottom of the tank shell and 3'9" below the top of the tank shell, less the capacity as determined by the Operating Agent, required to receive the volume of Petroleum which should be moved out of the System to prevent internal pressure in the pipeline from exceeding design limits in the event its operation should be shut down.</p> <p>"Working Inventory" as herein used means the total volume of Petroleum in Working Capacity at any given time.</p> |
| 15-A [R1] | Specifications as to Quality Received | | <p>(A) Carrier reserves the right to reject any Petroleum unless:</p> <ul style="list-style-type: none"> (i) it is suitable for refining or use as a fuel and contains no more than thirty-five one-hundredths of 1% (0.35%) by volume of basic sediment and water; (ii) its temperature does not exceed one hundred forty-two degrees (142°) Fahrenheit, provided that Petroleum may be accepted for transportation at any point in the System at a temperature in excess of 142°F but only under such circumstances and during such times as Carrier determines will not result in violation of any design or operating requirement for the System at any point in the System or result in inequities or discrimination as between carriers or Shippers; (iii) its hydrogen sulfide (H₂S) content in solution does not exceed fifty (50) parts per million by weight and it will not result in the combined stream of Petroleum in the System under the custody of the Carrier at any given entry point in the System at any given time exceeding ten (10) parts per million hydrogen sulfide (H₂S) content in solution by weight; and |

| ITEM | NO. | SUBJECT | RULES AND REGULATIONS |
|--------------|-----|---------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 15-A | | Specifications as to Quality Received (continued) | <p data-bbox="699 193 1395 262">(iv) its vapor pressure does not exceed the greater of atmospheric pressure or 14.7 psia at receipt temperature.</p> <p data-bbox="638 296 1395 430">In calculating the combined stream of Petroleum at any given point in the System under the custody of the Carrier, only Petroleum received into the System by the Carrier at that point and all points upstream shall be considered.</p> <p data-bbox="638 464 1395 737">(B) Petroleum will not be accepted by the Carrier for transportation in the System unless its gravity, viscosity, pour point, vapor pressure and other characteristics are such that it is readily susceptible to safe and efficient transportation through the System and will not materially affect the characteristics of other Petroleum shipments for which adjustments are not or will not be available through the procedure set forth in Item 115, Quality Bank.</p> <p data-bbox="638 770 1395 1010">(C) Carrier may require forty-five (45) days notice from Shipper before accepting Petroleum from a producing reservoir or a procession plant from which Petroleum has not previously been shipped through the System. Such notice shall include a suitable assay of the tendered Petroleum so that the acceptability and a suitable tariff for the transportation of the Petroleum can be determined.</p> |
| 30-A [R1] | | Title | <p data-bbox="638 1115 1395 1451">An offer for Shipment of Petroleum shall be deemed a warranty of title by the party making the offer. The Carrier may, in the absence of adequate security, decline to receive any Petroleum which is in litigation, or as to which a dispute over title may exist, or which is encumbered by any lien. By offering Petroleum, the offeror warrants and guarantees that it has good title thereto and agrees to hold the Carrier harmless from any and all loss, cost, liability, damage and/or expense resulting from disputes, encumbrances, or failure of title thereto. Acceptance for transportation shall not be deemed a representation by the Carrier as to title.</p> |

| ITEM | | SUBJECT | RULES AND REGULATIONS |
|--------------|--------------------------------------------------------------|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 45-A [R4] | Scheduling and Use of Terminal, and Penalty Provisions | | <p>(A) Any Shipper expecting to commence lifting at the Terminal for the first time shall provide a one-Week notice prior to submitting the four-Week schedule required by this section. In addition to the requirements imposed by the immediately preceding sentence, each Shipper will advise Carrier of the schedule of Vessels it expects to call at the Terminal during the ensuing four-Week period, specifying for each Vessel scheduled for the first Week of such four-Week schedule and, to the extent possible, for the last three Weeks, the volume to be lifted, name, Scheduled Arrival Day, and such other information as required by the Port Information Manual.</p> <p>(B) The Operating Agent will coordinate the lifting schedules for all Shippers lifting Petroleum at the Terminal. Any conflicts in the lifting schedule will be resolved equitably and in furtherance of the most efficient operation of the System. After resolution of any conflicts, the resulting Lifting Schedule will be provided to each Shipper.</p> <p>(C) Changes or Vessel substitution may be made to the lifting schedule by any Shipper upon written notice delivered to the Carrier at least seven (7) Days in advance of a scheduled lifting. Changes on less than seven (7) Days written notice may only be made provided such changes or Vessel substitution will not adversely affect any other Shipper's scheduled liftings, unless such other Shipper's prior written consent is obtained, and the changes or substituted Vessel complies with the Port Information Manual.</p> <p>(D) When a revision or change is made to the Lifting Schedule, the Carrier, or its Operating Agent, will promptly notify all affected Shippers of the revised Lifting Schedule and the effective date of the revision.</p> |

| ITEM | SUBJECT | RULES AND REGULATIONS |
|------|--------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NO. | | |
| 45-A | Scheduling and Use of Terminal, and Penalty Provisions (continued) | <p>(E) If, at the beginning of any Day, the aggregate Working Inventory in the Terminal is equal to or greater than 75% of Working Capacity and the Carrier's share of Working Inventory is in excess of the Carrier's Working Capacity, each Surplus Shipper, as that term is hereinafter defined, shall be charged a penalty consisting of such Surplus Shipper's proportion (calculated as described below) of the product obtained by multiplying twenty (20) cents by the number of Barrels by which Carrier's Working Inventory exceeds the Carrier's Working Capacity at the beginning of the Day for which the penalty is levied. Such proportion shall be the ratio that such Surplus Shipper's share of such excess on such Day bears to the total amount of such excess on such Day.</p> <p>For purposes of this Paragraph E:</p> <ol style="list-style-type: none"> (1) A Surplus Shipper is a Shipper that has a volume of Petroleum in the Terminal in the custody of the Carrier at the beginning of the Day for which the penalty is levied that exceeds such Shipper's Tankage Entitlement; (2) A Shipper's Tankage Entitlement is equal to the total number of Barrels of tankage capacity comprising the Carrier's Working Capacity multiplied by such Shipper's Delivery Percentage; and (3) A Shipper's Delivery Percentage is the ratio (expressed as a percentage) that the aggregate number of Barrels of that Shipper's Petroleum in the custody of the Carrier on the Day for which the penalty is levied and that were delivered into the Terminal during the seven Days preceding such Day bears to the total number of Barrels of all Shippers' Petroleum in the custody of the Carrier in the Terminal on that Day and that were so delivered during such period. |

| ITEM | NO. | SUBJECT | RULES AND REGULATIONS |
|------|--------------------------------------------------------------------|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 45-A | Scheduling and Use of Terminal, and Penalty Provisions (continued) | | <p>(F) In calculating the penalty under Paragraph E, the number of excess Barrels at the beginning of any Day shall be reduced by:</p> <ul style="list-style-type: none"> (1) The number of Barrels of the Carrier's Working Inventory scheduled to be lifted by a Vessel which has established an Actual Arrival Time at the beginning of any Day the penalty is applied but is unable to dock because the passage through Prince William Sound or Valdez Arm is closed to shipping due to an event or condition not within the control of the Carrier, and; (2) The number of Barrels of the Carrier's Working Inventory scheduled to be lifted by a Vessel which has docked but is unable to lift at the beginning of any Day due to any act or omission of the Carrier's Operating Agent or due to any local event or condition of general application not within the control of the Carrier's Operating Agent or any person responsible for the operation or control of such Vessel which does or would prevent all Vessels from loading. <p>(G) Each Vessel shall dock when and as instructed by the Carrier, or its Operating Agent. If any Vessel is unable to dock when instructed, the next Vessel waiting to be docked shall be docked based on the order of dock assignment until the Vessel that was unable to dock is able to dock. Vessels shall be assigned dock space by Carrier, or its Operating Agent, in the order of the Actual Arrival Time, provided, however, that adequate and appropriate inventories designated for lifting by such Vessel have been established, and in the Operating Agent's prudent judgment will optimize System delivery.</p> |

| ITEM | <u>SUBJECT</u> | <u>RULES AND REGULATIONS</u> |
|------------|-----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <u>NO.</u> | | |
| 45-A | Scheduling and Use of Terminal, and Penalty Provisions (continued) | <p>(H) After a Vessel has been docked, it shall be allowed twenty-four (24) hours, if the Vessel is of two hundred twenty-five thousand (225,000) dead weight tons or less, or thirty (30) hours, if the Vessel is of greater than two hundred twenty-five thousand (225,000) dead weight tons, from the time that Carrier or its Operating Agent gives notice of readiness to commence either loading or deballasting within which to complete its lifting and to release its last line from a mooring point at the dock. If any Vessel fails to release its last mooring line before a specified departure time contained in a notice from Carrier or its Operating Agent, (which specified departure time shall not be earlier than the end of such twenty-four (24) hour or thirty (30) hour period, nor earlier than four (4) hours after Carrier or its Operating Agent transmits such notice to the Vessel), the Shipper scheduling such Vessel shall thereafter pay a penalty of Two Thousand Dollars (\$2,000) for each hour or part thereof that such Vessel remains at the dock, while such dock is required to load another Vessel which has established an Actual Arrival Time. Any delay due to any act or omission of the Carrier or its Operating Agent or a local event or condition of general application (except mechanical equipment malfunction on the Vessel) not within the control of the Carrier or its Operating Agent or any other person responsible for the operation or control of such Vessel which act, event or condition prevents the Vessel from vacating the dock shall be added to the time until a Vessel is required to vacate the dock.</p> <p>(I) If, at the beginning of any Day, the sum of the total number of Barrels of Shipper's Petroleum in Carrier's Working Inventory plus Shipper's share of the Petroleum Fill Requirement divided by Shipper's share of the Petroleum Fill Requirement is greater than the number five (5) and is or has been greater than the number five (5) for the preceding twenty (20) Days, then Shipper shall be charged on each such Day (in this Item 45(I) hereinafter called "Relevant Day") a sum equal to the product obtained by multiplying twenty (20) cents by the total number of Barrels of Shipper's Petroleum in Carrier's Working Inventory on the Relevant Day.</p> |

| ITEM | | |
|--------------|-------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NO. | SUBJECT | RULES AND REGULATIONS |
| 55-B [R6] | Scheduling of Pipeline and Apportionment of Throughput Capability | <p data-bbox="641 241 1153 273">(A) General Requirements for Nominations:</p> <ol style="list-style-type: none"> <li data-bbox="698 304 1380 514">1. Nominations will be received and considered for acceptance if they conform in full to the terms of this tariff. Nominations shall be addressed to Oil Movements Coordinator, BP Pipelines (Alaska) Inc. P.O. Box 190848, Anchorage, Alaska 99519-0848, fax number (907) 564-5570, with confirmation number (907) 564-5870. <li data-bbox="698 546 1396 640">2. Each Nomination must be in writing and include the information reflected in items a. through d. for each proposed Shipment: <ol style="list-style-type: none"> <li data-bbox="722 682 1339 745">a. the period for which the proposed Shipment is being nominated; <li data-bbox="722 787 1380 850">b. the total volume for delivery during such period and the volume in Barrels per Day; <li data-bbox="722 892 1396 955">c. the connection from which the proposed Shipment would originate; and <li data-bbox="722 997 1218 1018">d. the destination of the proposed Shipment. <p data-bbox="698 1060 1356 1123">In addition, each Nomination must make the statements in items e. and f:</p> <ol style="list-style-type: none"> <li data-bbox="722 1165 1404 1228">e. <Prospective Shipper name> has title to all the Petroleum hereby nominated. <li data-bbox="722 1270 1356 1354">f. None of the Petroleum hereby nominated is currently nominated or accepted for transportation by any other carrier, whether provisionally or otherwise. <li data-bbox="698 1396 1307 1491">3. The Carrier reserves the right when accepting and prorating Nominations to revise, reduce or reject a Nomination if: <ol style="list-style-type: none"> <li data-bbox="722 1533 1404 1659">a. the Carrier believes that the prospective Shipper does not have title to the Petroleum being nominated, or the Petroleum nominated is currently nominated to or accepted for transportation by another carrier; <li data-bbox="722 1669 1323 1732">b. the prospective Shipper has previously withdrawn accepted Nominations from the Carrier; or <li data-bbox="722 1743 1372 1795">c. the prospective Shipper has failed to make payment of lawful charges related to previous Shipments. |

ITEM

NO.

SUBJECT

RULES AND REGULATIONS

55-B

Scheduling of
Pipeline and
Apportionment of
Throughput
Capability
(continued)

4. A prospective Shipper may not nominate the same Barrels of Petroleum to the Carrier and to another carrier. If, as of the Pipeline Scheduling Deadline, the Operating Agent determines that a prospective Shipper has nominated to another carrier Barrels that Carrier has accepted for the coming Month, the Carrier will reduce such prospective Shipper's Nomination to the Carrier by the number of Barrels that Carrier accepted that were also nominated to another carrier.

5. No party shall deliver to the System Petroleum that has not been nominated to and accepted by the Carrier or another carrier. If, as of the Pipeline Scheduling Deadline, there is Petroleum scheduled to be delivered to the System in the coming Month that has not been nominated to and accepted by the Carrier or another carrier, the Operating Agent will notify the owner of such Petroleum at least one Operating Agent Business Day before the deadline for nominating such Petroleum to the Carrier or another carrier. If, notwithstanding the Operating Agent's notice, the Petroleum is not nominated, but is delivered to the Pipeline, such Petroleum shall be deemed to be the property of the Carrier and the other carriers.

(B) Scheduling, Acceptance and Prorating of Initial and Supplemental Nominations

1. By the first Operating Agent Business Day of each Month, the Carrier will notify prospective Shippers of its Estimated Throughput Capability and the Deadline for Initial Nominations, which shall be no earlier than five Days after the date of such notice. Any prospective Shipper seeking such information may obtain it upon request to Carrier's Oil Movements Coordinator identified in Section (A) 1. herein.

2. If the total of the Initial Nominations received is less than the Carrier's Estimated Throughput Capability for the coming Month, all Initial Nominations will be accepted in full. If, on the other hand, the total of the Initial Nominations exceeds the Carrier's Estimated Throughput Capability for the coming Month, such Estimated Throughput Capability will be prorated among all prospective Shippers in the proportion that each Shipper's Initial Nominations bear to the total of all Initial Nominations.

| ITEM | | SUBJECT | RULES AND REGULATIONS |
|------|--|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 55-B | | Scheduling of Pipeline and Apportionment of Throughput Capability (continued) | <p>3. If, after the Deadline for Initial Nominations, the Carrier has Available Throughput Capability, the Carrier will advise all prospective Shippers of such Available Throughput Capability and request Supplemental Nominations for the Available Throughput Capability. The Carrier may, at its discretion, perform one or more rounds of Supplemental Nominations. For each such round, the Carrier will set a deadline by which a prospective Shipper must submit Supplemental Nominations. If the total of the Supplemental Nominations for any round is less than the Carrier's Available Throughput Capability, such Supplemental Nominations will be accepted in full. If the total of the Supplemental Nominations for any round exceeds the Available Throughput Capability, such Available Throughput Capability will be prorated among all prospective Shippers in the proportion that each prospective Shipper's Supplemental Nominations for that round bear to the total of all Supplemental Nominations for that round. If, after the deadline (or, in the case of multiple rounds of Supplemental Nominations, the last such deadline) for the receipt of Supplemental Nominations, the Carrier has Available Throughput Capability, the Carrier will accept Nominations for such Available Throughput Capability on a first-come, first-served basis.</p> <p>4. A Revised Nomination that increases the total number of Barrels nominated to the Carrier will be effective at 0000 hours on the latter of:</p> <ul style="list-style-type: none"> a. the Day the prospective Shipper proposes in its Revised Nomination; b. a Day that begins after four Operating Agent Business Days have elapsed since the Carrier accepted the Revised Nomination; and c. the Day the Operating Agent determines that the additional Barrels are not nominated to another carrier. <p>5. A Revised Nomination that decreases the total number of Barrels nominated to the Carrier will be effective at 0000 hours on the latter of:</p> <ul style="list-style-type: none"> a. the Day the prospective Shipper proposes in its Revised Nomination; b. a Day that begins after six Operating Agent Business Days have elapsed since the Carrier accepted the Revised Nomination; and c. the Day the Operating Agent determines that the Barrels the prospective Shipper proposes not to tender to the Carrier are properly nominated to another carrier. |

| ITEM | <u>SUBJECT</u> | <u>RULES AND REGULATIONS</u> |
|------|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 55-B | Scheduling of Pipeline and Apportionment of Throughput Capability (continued) | <p>6. When Carrier has accepted the Shipper's Nomination, it will so notify the Shipper and will identify when the Nomination will become effective.</p> <p>7. The Carrier may reject an Initial Nomination for an intrastate movement:</p> <ul style="list-style-type: none"> a. that exceeds 50.0108% of the total Petroleum nominated by such prospective Shipper to all carriers for that specific intrastate movement, or; b. if the Carrier has accepted a Nomination or Nominations for an intrastate movement, that, when added to such accepted Nomination(s), exceeds 50.0108% of the total Petroleum nominated by such prospective Shipper to all carriers for that specific intrastate movement. <p>8. If, after Nominations have been accepted, the Estimated Throughput Capability available to Carrier either increases or otherwise becomes available, the Carrier will advise all prospective Shippers of the deadline for submitting a Nomination for such Available Throughput Capability.</p> <p>9. If, after Nominations have been accepted, the Estimated Throughput Capability available to the Carrier is reduced to an amount that is less than the total of the previously accepted Nominations, such Nominations will be reduced to the proportion that the reduced Estimated Throughput Capability bears to the accepted Nominations.</p> <p>10. On the next successive business day following the closing date for nominations, or as soon thereafter as possible, Carrier will notify each prospective Shipper of the extent to which that prospective Shipper's nomination has been accepted.</p> |

| ITEM | <u>NO.</u> | <u>SUBJECT</u> | <u>RULES AND REGULATIONS</u> |
|-------|------------|--------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 95-A | [R1] | Charge for TransAlaska Pipeline Liability Fund | As an additional charge, the Carrier or its Operating Agent, shall collect a fee of five cents (5c) per Barrel of Petroleum transported under this tariff and loaded on a Vessel at the Terminal to the extent and in the manner required by Section 204 (c) of Public Law 93-153 (Title 43, U.S.C. Section 1653 (c)) and any regulations issued hereunder, and shall collect any other similar or substitute fee that Carrier or its Operating Agent is required to collect by any duly constituted governmental authority with respect to any transportation or other service performed pursuant to the provisions of this tariff. |
| 105-A | [R1] | Rates Applicable to and from Intermediate Points | Petroleum delivered to a point on the System which is not named in this tariff or in tariffs making reference to this tariff but which point is intermediate to a point to which rates are published in this tariff or in tariffs making reference to this tariff, will be assessed the rate in effect to the next more-distant point published in this tariff or in tariffs making reference to this tariff. Petroleum received from a point on the System which is not named in this tariff or in tariffs making reference to this tariff but which point is intermediate to a point from which rates are published in this tariff or in tariffs making reference to this tariff, will be assessed the rate in effect from the next more-distant point published in this tariff or in tariffs making reference to this tariff. |

ITEM

NO.

SUBJECT

RULES AND REGULATIONS

115-F

Quality Bank

Cancels

115-E

Quality adjustments - Shippers shall be debited and/or credited for all adjustments as provided for in this Item with respect to all Petroleum shipped. The calculation of Shipper's debits and credits shall be made for each Month as required herein. The credit and debit balances for each accounting shall be adjusted among Shipper and all Shippers in TAPS by collecting funds from those Shippers (including Shipper, if applicable) having debit balances and by thereafter remitting funds collected to the Shippers (including Shipper, if applicable) having credit balances. In the event of delay in collection or inability to collect from one or more Shippers for any reason, only adjustment funds and applicable interest charges actually collected shall be distributed pro rata to Shippers having credit balances. A Monthly accounting shall be rendered to Shipper after the end of each Month.

- (a) Methodology - Shipper authorizes Carrier or its designee to compute adjustments among all Shippers in TAPS for quality differentials arising out of TAPS common stream operation. Shipper agrees to pay Carrier or its designee the adjustment due from Shipper determined in accordance with the procedures set out in this Item.

The procedures for determining quality adjustments among all Shippers are specified in detail in the TAPS Quality Bank Methodology set forth in Carrier's Tariff F.E.R.C. No. 18, supplements thereto, and successive issues thereof, which are incorporated herein by reference.

As prescribed in the TAPS Quality Bank Methodology, at the close of each Month, Carrier or its designated Quality Bank Administrator shall compute adjustments calculated as follows:

1. Pump Station No. 1 Adjustment - An adjustment based on the difference between the Quality Bank Value of Pump Station No. 1 Base Petroleum during a Month and the Quality Bank Value of Petroleum received into TAPS at Pump Station No. 1 for a Shipper during the same Month shall be calculated as follows:

(i) the Quality Bank Value per Barrel of each stream received into TAPS at Pump Station No. 1 during the Month for a Shipper shall be determined by summing the Quality Bank Values of each component of one Barrel of that stream as determined in accordance with the TAPS Quality Bank Methodology.

ITEM

NO.

SUBJECT

RULES AND REGULATIONS

115-F

Quality Bank
(continued)

(ii) the Quality Bank Value per Barrel of the Pump Station No. 1 Base Petroleum for the Month shall be determined by multiplying the Quality Bank Value per Barrel of each stream received into TAPS at Pump Station No. 1 during that Month by the number of Barrels of that stream received into TAPS at Pump Station No. 1 during that Month, summing the products so obtained and dividing the total by the number of Barrels of Petroleum received into TAPS at Pump Station No. 1 during the Month.

(iii) if the Quality Bank Value per Barrel of the Pump Station No. 1 Base Petroleum for any Month is greater than the Quality Bank Value per Barrel of a stream of Petroleum received into TAPS at Pump Station No. 1 during the same Month for a Shipper, such Shipper shall be debited an amount calculated by multiplying such difference by the number of Barrels of such Petroleum received into TAPS for such Shipper at Pump Station No. 1 during that Month.

(iv) if the Quality Bank Value per Barrel of Pump Station No. 1 Base Petroleum for any Month is less than the Quality Bank Value per Barrel of a stream of Petroleum received into TAPS at Pump Station No. 1 during the same Month for a Shipper, such Shipper shall be credited an amount calculated by multiplying such difference by the number of Barrels of such Petroleum received into TAPS for such Shipper at Pump Station No. 1 during that Month.

2. Connection Adjustment - An adjustment based on the difference between the Quality Bank Value of any Connection Base Petroleum during a Month and the Quality Bank Value of a Shipper's Petroleum commingled at that Connection during the same Month shall be calculated as follows:

(i) the Quality Bank Value per Barrel of a Shipper's Petroleum commingled at a Connection during the Month shall be determined by summing the Quality Bank Values of each component of one Barrel of that Petroleum as determined in accordance with the TAPS Quality Bank Methodology.

(ii) the Quality Bank Value per Barrel of any Connection Base Petroleum for the Month shall be the Weighted Average Quality Bank Value of (1) the Petroleum entering TAPS at a Connection during the Month and (2) the Petroleum in TAPS just upstream of the point of entry into TAPS at that Connection during the Month.

ITEM**NO.****SUBJECT****RULES AND REGULATIONS**

115-F

Quality Bank
(continued)

(iii) if the Quality Bank Value per Barrel of any Connection Base Petroleum for any Month is greater than the Quality Bank Value per Barrel of a Shipper's Petroleum commingled at that Connection during the same Month, such Shipper shall be debited an amount calculated by multiplying such difference by the number of Barrels of such Shipper's Petroleum commingled at that Connection during that Month.

(iv) if the Quality Bank Value per Barrel of any Connection Base Petroleum for any Month is less than the Quality Bank Value per Barrel of Shipper's Petroleum commingled at that Connection during the same Month, such Shipper shall be credited an amount calculated by multiplying such difference by the number of Barrels of such Shipper's Petroleum commingled at that Connection during that Month.

3. Valdez Terminal Gravity Adjustment - An Adjustment based on the difference between the Weighted Average Gravity of the Valdez Terminal Base Petroleum and the Weighted Average Gravity of Petroleum received out of the Valdez Terminal by a Shipper shall be calculated as follows:

(i) if the Weighted Average Gravity of the Valdez Terminal Base Petroleum for any Month is greater than the Weighted Average Gravity of Petroleum received out of the Valdez Terminal during the same Month by a Shipper, such Shipper shall be credited an amount calculated by multiplying such difference by the Gravity Differential Value per Barrel and multiplying that total by the number of Barrels of such Petroleum received out of the Valdez Terminal during that Month by such Shipper.

(ii) if the Weighted Average Gravity of the Valdez Terminal Base Petroleum for any Month is less than the Weighted Average Gravity of Petroleum received out of the Valdez Terminal during the same Month by a Shipper, such Shipper shall be debited an amount calculated by multiplying such difference by the Gravity Differential Value Per Barrel and multiplying that total by the number of Barrels of such Petroleum received out of the Valdez Terminal during that Month by such Shipper.

ITEM

NO.

SUBJECT

RULES AND REGULATIONS

115-F

Quality Bank
(continued)

[D]

(iii) The Gravity Differential Value Per Barrel is established at \$0.0167 for each one-tenth degree API Gravity (0.1° API).

(b) General Provisions - In addition to the adjustments described in this Item, Shipper agrees to pay Carrier or its designee a per Barrel charge to reimburse Carrier for the costs of administering the adjustments among Shippers under this Item.

In the event any payment is made to Shipper hereunder and it is subsequently determined by any Federal or state court, administrative agency or other governmental entity having jurisdiction that no other Shipper was liable for the adjustment for which payment was made, Shipper receiving such payment shall upon receipt of an accounting from Carrier return the same to Carrier or its designee. Carrier shall promptly utilize same to reimburse all Shippers who made such payments.

All payments due from Shipper under this Item shall be made by Shipper within 20 days of receipt of each accounting and, for any delay in payment beyond such 20 day period, shall bear interest calculated at an annual rate equivalent to 125% of the prime rate of interest of Citibank N.A. of New York, New York, on ninety-day loans to substantial and responsible commercial borrowers as of the date of accounting

Explanation of Symbols:

[W] Change in wording only

[D] Decrease

[R1] Reissued from Supplement No. 1, effective July 1, 1998.

[R4] Reissued from Supplement No. 4, effective August 1, 1999.

[R6] Reissued from Supplement No. 6, effective January 1, 2000.

Quality Bank Tariff Materials

Supplement No. 1 to F.E.R.C. No. 52 (Amerada)
Supplement No. 1 to F.E.R.C. No. 23 (BP)
Supplement No. 1 to F.E.R.C. No. 69 (ExxonMobil)
Supplement No. 1 to F.E.R.C. No. 47 (Phillips)
Supplement No. 1 to F.E.R.C. No. 4 (Phillips Transportation)
Supplement No. 1 to F.E.R.C. No. 206 (Unocal)
Supplement No. 1 to F.E.R.C. No. 4 (Williams)

**AMERADA HESS PIPELINE CORPORATION (AMERADA)
BP PIPELINES (ALASKA) INC. (BP)
EXXONMOBIL PIPELINE COMPANY (EXXONMOBIL)
PHILLIPS ALASKA PIPELINE CORPORATION (PHILLIPS)
PHILLIPS TRANSPORTATION ALASKA, INC. (PHILLIPS TRANSPORTATION)
UNOCAL PIPELINE COMPANY (UNOCAL)
WILLIAMS ALASKA PIPELINE COMPANY, L.L.C. (WILLIAMS)**

LOCAL PIPELINE TARIFF

CONTAINING THE TAPS
QUALITY BANK METHODOLOGY

GENERAL APPLICATION

This tariff shall apply only to those tariffs which specifically incorporate this tariff, supplements to this tariff and successive issues hereof, by reference.

SPECIAL PERMISSION REQUESTED

Issued on nine days' notice under authority of 18 C.F.R. § 341.14. This tariff publication is conditionally accepted subject to refund pending a 30-day review period.

NOTICES

[W]

The decreases noted in Attachment 2A are made to comply with this Commission's Order Adopting Contested Settlement in Docket No. OR89-2-007, *et al.*, *Trans Alaska Pipeline System*, 81 F.E.R.C. ¶ 61,319 (1997), and the Alaska Public Utilities Commission's Order Adopting Federal Energy Regulatory Commission Order Approving Contested Settlement in Docket Nos. P-89-1, *et al.*, *In re Formal Complaint of Tesoro Alaska Petroleum Co.*, Order P-89-1(87) (1998).

For rules and regulations other than the TAPS Quality Bank Methodology tariff, see F.E.R.C. No. 41 (Amerada), F.E.R.C. No. 17 (BP), F.E.R.C. No. 6 (ExxonMobil), F.E.R.C. No. 35 (Phillips), F.E.R.C. No. 2 (Phillips Transportation), F.E.R.C. No. 189 (Unocal), F.E.R.C. No. 2 (Williams), supplements thereto and reissues thereof.

The provisions published herein will, if effective, not result in an effect on the quality of the human environment.

ISSUED JANUARY 22, 2001

EFFECTIVE FEBRUARY 1, 2001

ISSUED BY

Donald C. Lutken, Jr., President
AMERADA HESS PIPELINE CORPORATION
One Allen Center
500 Dallas Street, Level 2
Houston, Texas 77002

R. A. Rabinow, President
EXXONMOBIL PIPELINE COMPANY
P. O. Box 2220
Houston, Texas 77252-2220

Edward R. Hendrickson, Vice President and
Controller
PHILLIPS TRANSPORTATION ALASKA, INC.
700 G Street, ATO-920
Anchorage, Alaska 99501

Tina R. Granger, Manager, Pipeline Tariffs
WILLIAMS ALASKA PIPELINE COMPANY, L.L.C.
1800 S. Baltimore Avenue
Tulsa, Oklahoma 74119

[W] Albert N. Bolea, President
BP PIPELINES (ALASKA) INC.
900 East Benson Boulevard
P. O. Box 190848
Anchorage, Alaska 99519-0848

E. W. Heaton, Vice President and Controller
PHILLIPS ALASKA PIPELINE CORPORATION
P.O. Box 1967
Houston, Texas 77251-1967

Christopher W. Keene, Vice President
UNOCAL PIPELINE COMPANY
14141 Southwest Freeway
Sugar Land, Texas 77478

COMPILED BY
John E. Kennedy
1001 Fannin Street
Houston, TX 77002-6760
(713) 758-2550

Attachment 2A cancels Attachment 2

ATTACHMENT 2A

COMPONENT UNIT VALUE PRICING BASIS

PROPANE (C₃)

| | |
|-------------------------------------------------|---------------------------------------------------------------|
| United States Gulf Coast | United States West Coast |
| Platt's Mt. Belvieu, TX spot quote for Propane. | OPIS's (weekly) Los Angeles delivered spot quote for Propane. |

ISOBUTANE (iC₄)

| | |
|---------------------------------------------------|-----------------------------------------------------------------|
| United States Gulf Coast | United States West Coast |
| Platt's Mt. Belvieu, TX spot quote for Isobutane. | OPIS's (weekly) Los Angeles delivered spot quote for Isobutane. |

NORMAL BUTANE (nC₄)

| | |
|-------------------------------------------------------|---------------------------------------------------------------------|
| United States Gulf Coast | United States West Coast |
| Platt's Mt. Belvieu, TX spot quote for Normal Butane. | OPIS's (weekly) Los Angeles delivered spot quote for Normal Butane. |

LIGHT STRAIGHT RUN (C₅ - 175°F)

| | |
|------------------------------------------------------------|------------------------------------------------------------------------|
| United States Gulf Coast | United States West Coast |
| Platt's Mt. Belvieu, TX spot quote for Natural Non-Dynegy. | OPIS's (weekly) Bakersfield delivered spot quote for Natural Gasoline. |

NAPHTHA (175° - 350°F)

| | |
|------------------------------------------------------------|------------------------------------------------------------|
| United States Gulf Coast | United States West Coast |
| Platt's U.S. Gulf Coast spot quote for Waterborne Naphtha. | Platt's U.S. Gulf Coast spot quote for Waterborne Naphtha. |

LIGHT DISTILLATE (350° - 450°F)**[D]**

| United States Gulf Coast | United States West Coast |
|-------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| Platt's U.S. Gulf Coast spot quote for Waterborne Jet Kerosene 54 less 0.5283 cents per gallon. | Platt's U.S. West Coast spot quote for Waterborne Jet Fuel less 0.5283 cents per gallon. |

[D]**HEAVY DISTILLATE (450° - 650°F)****[D]**

| United States Gulf Coast | United States West Coast |
|---------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| Platt's U.S. Gulf Coast spot quote for Waterborne No. 2 less 2.1126 cents per gallon. | Platt's U.S. West Coast spot quote for Waterborne Gasoil for October, 1999 less 0.9973 cents per gallon. |

GAS OIL (650° - 1050°F)

| United States Gulf Coast | United States West Coast |
|--------------------------------------------------------------|--------------------------------------------------------------|
| OPIS's U.S. Gulf Coast spot quote for barge High Sulfur VGO. | OPIS's U.S. Gulf Coast spot quote for barge High Sulfur VGO. |

RESID (1050°F and Over)**[D]**

| United States Gulf Coast | United States West Coast |
|------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| Platt's U.S. Gulf Coast spot quote for Waterborne No. 6 Fuel Oil 3.0% Sulfur less 4.7534 cents per gallon. | Platt's U.S. West Coast spot quote for Pipeline 380 cst at Los Angeles converted to \$/Bbl using 6.37 Bbl/MT less 4.7534 cents per gallon. |

[D]Explanation of symbols:**[D]** Decrease**[W]** Change in wording only

F.E.R.C. No. 52 (Amerada)
(Cancels F.E.R.C. No. 51)
F.E.R.C. No. 23 (BP)
(Cancels F.E.R.C. No. 22)
F.E.R.C. No. 69 (ExxonMobil)
(Cancels F.E.R.C. No. 7)
F.E.R.C. No. 47 (Phillips)
(Cancels F.E.R.C. No. 45)
F.E.R.C. No. 4 (Phillips Transportation)
(Cancels F.E.R.C. No. 19 ARCO Transportation Alaska, Inc. series)
F.E.R.C. No. 206 (Unocal)
(Cancels F.E.R.C. No. 190)
F.E.R.C. No. 4 (Williams)
(Cancels F.E.R.C. No. 30 Mobil Alaska Pipeline Company series)

**AMERADA HESS PIPELINE CORPORATION (AMERADA)
BP PIPELINES (ALASKA) INC. (BP)
EXXONMOBIL PIPELINE COMPANY (EXXONMOBIL)
PHILLIPS ALASKA PIPELINE CORPORATION (PHILLIPS)
PHILLIPS TRANSPORTATION ALASKA, INC. (PHILLIPS TRANSPORTATION)
UNOCAL PIPELINE COMPANY (UNOCAL)
WILLIAMS ALASKA PIPELINE COMPANY, L.L.C. (WILLIAMS)**

LOCAL PIPELINE TARIFF

**CONTAINING THE TAPS
QUALITY BANK METHODOLOGY**

GENERAL APPLICATION

This tariff shall apply only to those tariffs which specifically incorporate this tariff, supplements to this tariff and successive issues hereof, by reference.

SPECIAL PERMISSION REQUESTED

Issued on less than one day's notice under authority of 18 C.F.R. § 341.14. This tariff publication is conditionally accepted subject to refund pending a 30-day review period.

NOTICES

[W] This tariff is issued in part to comply with orders issued by the Regulatory Commission of Alaska ("RCA"), *In re Joint Application of Atlantic Richfield Co. and Phillips Petroleum Co.*, P-00-12(1) (July 26, 2000); *In re Application for Transfer of Certificate*, P-00-08(1) (June 20, 2000).

[W] For rules and regulations other than the TAPS Quality Bank Methodology tariff, see F.E.R.C. No. 41 (Amerada), F.E.R.C. No. 17 (BP), F.E.R.C. No. 6 (ExxonMobil), F.E.R.C. No. 35 (Phillips), F.E.R.C. No. 2 (Phillips Transportation), F.E.R.C. No. 189 (Unocal), F.E.R.C. No. 2 (Williams), supplements thereto and reissues thereof.

The provisions published herein will, if effective, not result in an effect on the quality of the human environment.

ISSUED AUGUST 30, 2000

EFFECTIVE SEPTEMBER 1, 2000

ISSUED BY

Donald C. Lutken, Jr., President
AMERADA HESS PIPELINE CORPORATION
One Allen Center
500 Dallas Street, Level 2
Houston, Texas 77002

R. A. Rabinow, President
EXXONMOBIL PIPELINE COMPANY
P. O. Box 2220
Houston, Texas 77252-2220

[W] Edward R. Hendrickson, Vice President and
Controller
PHILLIPS TRANSPORTATION ALASKA, INC.
700 G Street, ATO-920
Anchorage, Alaska 99501

[W] Tina R. Granger, Manager, Pipeline Tariffs
WILLIAMS ALASKA PIPELINE COMPANY, L.L.C.
1800 S. Baltimore Avenue
Tulsa, Oklahoma 74119

Anne Drinkwater, President
BP PIPELINES (ALASKA) INC.
900 East Benson Boulevard
P. O. Box 190848
Anchorage, Alaska 99519-0848

[W] E. W. Heaton, Vice President and Controller
PHILLIPS ALASKA PIPELINE CORPORATION
P.O. Box 1967
Houston, Texas 77251-1967

Christopher W. Keene, Vice President
UNOCAL PIPELINE COMPANY
14141 Southwest Freeway
Sugar Land, Texas 77478

COMPILED BY
John E. Kennedy
1001 Fannin Street
Houston, TX 77002-6760
(713) 758-2550

TABLE OF CONTENTS

| | | |
|-------------|-----------------------------------------------------------------------------------------------------------|----------|
| I. | GENERAL PROVISIONS..... | 4 |
| A. | Quality Bank Administrator..... | 4 |
| B. | Information Furnished to the State of Alaska | 4 |
| II. | QUALITY BANK MONETARY ADJUSTMENTS ATTRIBUTABLE TO SHIPMENTS DURING THE TRANSITION PERIOD | 4 |
| III. | QUALITY BANK PROCEDURES..... | 4 |
| A. | Overview..... | 4 |
| B. | Quality Bank Streams at Pump Station No. 1 Quality Bank | 4 |
| C. | Quality Bank Streams at GVEA Quality Bank..... | 4 |
| D. | Quality Bank Streams at Petro Star Valdez Refinery Connection Quality Bank ... | 5 |
| E. | Methodology for Valdez Tanker Load Out Quality Bank | 5 |
| F. | Methodology For Pump Station No. 1, GVEA Connection and PSVR Connection | 6 |
| | 1. Assay Methodology -- Sampling Procedure | 6 |
| | 2. Assay Analysis Procedure..... | 6 |
| | 3. Assay Data | 6 |
| G. | Component Unit Value Procedure | 7 |
| H. | Quality Bank Stream Component Calculation Procedure | 8 |
| I. | Quality Bank Calculations Procedure | 8 |
| J. | Unanticipated Implementation Issues | 8 |

ATTACHMENT 1 - Yield Data for Example Streams

ATTACHMENT 2 - Component Unit Value Pricing Basis

ATTACHMENT 3 - Example Component Unit Values in \$/Bbl

ATTACHMENT 4 - Example Stream Values in \$/Bbl

ATTACHMENT 5 - Quality Bank Calculation Example

TAPS QUALITY BANK METHODOLOGY

I. GENERAL PROVISIONS

A. Quality Bank Administrator

The TAPS Quality Bank shall be administered by the Quality Bank Administrator, who shall be appointed by the TAPS Carriers, and by those designated by the Quality Bank Administrator to assist the Administrator (hereinafter collectively referred to as the "Quality Bank Administrator").

B. Information Furnished to the State of Alaska

The Quality Bank Administrator shall furnish to the State of Alaska ("State") each month copies of the invoices for Quality Bank adjustments and supporting data sent to each shipper. Such information is furnished to the State based upon the State's representation that it will hold such information in confidence and that such information will be used only by officers or agents of the State in the exercise of the officers' or agents' powers.

II. QUALITY BANK MONETARY ADJUSTMENTS ATTRIBUTABLE TO SHIPMENTS DURING THE TRANSITION PERIOD. This Section is cancelled.

III. QUALITY BANK PROCEDURES

A. Overview

A distillation-based methodology shall be implemented at all Trans Alaska Pipeline System ("TAPS") Quality Banks (other than the TAPS Valdez Marine Terminal Quality Bank).

This methodology for calculation of the TAPS Quality Bank debits and credits is based on valuations of petroleum components. This methodology shall apply to the specific petroleum (as defined in the tariffs) streams identified in Sections III.B, III.C. and III.D. and also shall be applied to any streams tendered to TAPS through a new connection. The Quality Bank value of each petroleum stream shall be the volume-weighted sum of the Quality Bank values of its components. The characteristics and volumes of components for each separate petroleum stream are based on assay information obtained using a defined set of testing procedures as set forth in Section III.F. Quality Bank credits and debits are determined by comparing the Quality Bank value of each petroleum stream to the appropriate calculated TAPS "reference" stream Quality Bank value.

B. Quality Bank Streams at Pump Station No. 1 Quality Bank

1. The TAPS Pump Station No. 1 Quality Bank assesses the following four streams: (1) PBU IPA;¹ (2) Lisburne; (3) Endicott Pipeline; and (4) Kuparuk Pipeline.

2. The Pump Station No. 1 Quality Bank reference stream is the blended common stream leaving Pump Station No. 1. The reference stream Quality Bank value is calculated using the volume weighted average of the four Quality Bank streams identified above plus any streams tendered to TAPS through a new Pump Station No. 1 connection.

C. Quality Bank Streams at GVEA Quality Bank

1. The GVEA Quality Bank streams are the combined [W] Williams and Petro Star refinery return stream delivered to TAPS by the GVEA Pipeline and the passing TAPS common stream at the GVEA offtake point, both of which are measured at the GVEA connection.

¹ PBU IPA is the abbreviation for the Prudhoe Bay Unit Initial Participating Areas.

2. The GVEA Quality Bank reference stream is the blended TAPS stream immediately downstream from the GVEA return stream connection. The reference stream Quality Bank value is calculated using the volume weighted average of the GVEA Quality Bank streams identified above.

D. Quality Bank Streams at Petro Star Valdez Refinery Connection Quality Bank

1. The TAPS Petro Star Valdez Refinery ("PSVR") Connection Quality Bank streams are the refinery return stream delivered to TAPS by Petro Star and the passing TAPS common stream at the PSVR offtake point.

2. The Petro Star Valdez Quality Bank reference stream is the blended TAPS stream immediately downstream from the Petro Star return stream connection. The reference stream Quality Bank value is calculated using the volume weighted average of the two PSVR Quality Bank streams identified above.

E. Methodology for Valdez Tanker Load Out Quality Bank

1. A gravity-based Quality Bank methodology shall be used to determine the TAPS Quality Bank adjustments for volumes loaded out of the TAPS Marine Terminal at Valdez, Alaska.

2. The daily average six month gravity differentials posted for November 1 - April 30 and May 1 - October 31 for California and West Texas Sour crude oils, applicable to the range(s) of gravity which includes the average API gravity of the TAPS commingled stream at Valdez (sometimes referred to as "ANS"), shall be determined. The postings of the following companies shall be used for West Texas Sour crude oils: Amoco Production Company, Chevron Products Company, [W] Exxon Mobil Corporation, and [W] Equiva Trading Company. The postings of the following companies shall be used for California crude oils: [W] Equiva Trading Company, [W] Exxon Mobil Oil Corporation, Union 76 (Tosco Refining Company) and Chevron Products Company. In the event that any of the aforementioned companies is merged or acquired by other companies, sells assets or reorganizes, the postings of any successor companies shall be utilized. As long as at least two companies' gravity differentials are posted in each region (West Texas and California), the postings shall be averaged to determine the gravity differentials for that region.

3. The aforementioned six month average gravity differentials for the specified companies in each region shall be used to derive a simple average West Texas Sour differential and a simple average California differential.

4. The average West Texas Sour differential and the average California differential shall then be weighted by the percentage of ANS which is distributed east of the Rockies (including Puerto Rico and the Virgin Islands) and to the West Coast (including Hawaii), respectively, which percentages shall be determined by averaging for the most recent six-month period for which data are available the percentage distributed to each region as reported by the Maritime Administration of the United States Department of Transportation (or any successor government agency). Volumes exported from the United States shall be excluded from the calculation of the percentages distributed to each region.

5. In the event that ANS is transported by pipeline from the West Coast to destinations east of the Rockies, the weighting of the average differentials shall be adjusted to reflect the percentage of ANS actually distributed to such regions both by vessel and pipeline. If such data regarding the destination of ANS transported by pipeline are not publicly available from the Maritime Administration, or any other government agency, the Quality Bank Administrator shall determine the percentage of ANS distributed to such regions, provided, however, that any shipper may protest such determination by filing a complaint with the Quality Bank Administrator and thereafter filing an appropriate pleading with the FERC and [W] RCA if the complaint is not otherwise resolved.

6. The quality adjustment shall be reviewed each November and May, and shall be adjusted to the nearest hundredth of a cent per one-tenth degree API gravity per barrel whenever the amount of any change in the quality adjustment derived above is at least five (5) percent greater or five (5) percent less than the adjustment then in effect. The effective dates of any such adjustments shall be the following January 1 and July 1 respectively.

7. The quality differential in effect shall be applied to the difference in gravity (in API degrees @ 60° Fahrenheit) between the weighted average gravity of the petroleum delivered out of the Terminal during a calendar month and the weighted average gravity of petroleum received out of the Terminal by an individual shipper during such month.

F. Methodology For Pump Station No. 1, GVEA Connection and PSVR Connection

1. Assay Methodology – Sampling Procedure

Except as specified below, and except for the reference streams, each of the Quality Bank streams listed above (for Pump Station No. 1, GVEA, and PSVR Quality Banks) will be sampled by the Quality Bank Administrator using continuous monthly composite samplers on a flow rate dependent basis, and assays of these continuously collected samples shall be performed monthly by the Quality Bank Administrator.

2. Assay Analysis Procedure

a. Except as specified in paragraph b. below, the assays will include a true boiling point ("TBP") distillation and, as applicable, gas chromatograph analysis of each Quality Bank stream. Specifically, the TBP procedure will employ ASTM 2892 up to 650°F and ASTM 5236 for the 650 to 1050+°F range for the petroleum samples. The light ends (175°F minus) from the petroleum streams will be subject to a gas chromatograph analysis to determine the volumes of the propane ("C3"), Iso-butane ("iC4"), and normal butane ("nC4"), with the light straight run ("LSR") (sometimes referred to as natural gasoline) volume determined by difference between the total of the three components and the measured 175°F minus volume.

b. The specific gravities of C3, iC4, nC4 will be derived from GPA Standard 2145.

3. Assay Data

a. The following volume and quality data will be determined for each stream.

| <u>Component</u> | <u>TBP Boiling Range °F</u> | <u>% Vol</u> | <u>Specific Gravity</u> |
|-----------------------|-------------------------------------|--------------|-----------------------------|
| Propane (C3) | | X | X |
| I-Butane (iC4) | | X | X |
| N-Butane (nC4) | | X | X |
| LSR | C5-175 | X | X |
| Naphtha | 175-350 | X | X |
| Light Distillate | 350-450 | X | X |
| Heavy Distillate | 450-650 | X | X |
| Gas Oil | 650-1050 | X | X |
| Resid | 1050+ | X | X |
| Full Petroleum Stream | | | X |

b. The total volume must add to 100% and the total component weighted mass must be checked against the mass of the full petroleum stream. These weight balances must be the same within calculation and assay precision. If the assay fails this threshold test of validity, a second assay shall be performed on the sample. An example of assay data required is presented in Attachment 1. These data are the basis for all calculations in this Quality Bank methodology. The Quality Bank operates on a calendar month basis, with the continuous samples retrieved for analysis on the last day of each month.

c. The Quality Bank Administrator shall investigate the validity of a sample if each of the following two tests is met.

(i) If one or more of an individual stream's reported component percentages for a month varies by more than the ranges indicated in the following table as compared to the prior month's assay.

**Variation in % of Stream
Relative to Prior Month**

Component

| | |
|------------------|--------|
| Propane | ± 0.1 |
| I-Butane | ± 0.1 |
| N-Butane | ± 0.25 |
| LSR | ± 0.5 |
| Naphtha | ± 1.0 |
| Light Distillate | ± 1.0 |
| Heavy Distillate | ± 1.0 |
| Gas Oil | ± 1.5 |
| Resid | ± 1.0 |

As an example, if a petroleum stream's heavy distillate volume percent is 23% for the prior month, a heavy distillate volume percent less than 22% or greater than 24% (exceeding the $\pm 1\%$ range) shall cause the Quality Bank Administrator to check the second test.

(ii) The second test is whether the volume change in the specific component has resulted in a significant change in the stream's relative value when compared to the prior month's relative value using the prior month's prices. If the change results in a price movement of more than $\pm 15\%$ per barrel, then the sample's validity must be investigated.

(iii) The Quality Bank Administrator shall ascertain from the tendering shipper(s) possible causes for the change in the stream's assay. The Quality Bank Administrator may have a second assay performed for the sample in question. The Quality Bank Administrator may decide that the first assay is valid, that the second assay is valid, or that the sample is invalid.

(iv) Should the Quality Bank Administrator determine that a sample is invalid, the last assay results accepted and used in the Quality Bank for the stream will be used instead of the invalid sample in the Quality Bank calculation.

G. Component Unit Value Procedure

1. Component unit values for the U.S. Gulf Coast and U.S. West Coast will be weighted by the percentage of ANS which is distributed east of the Rockies (including Puerto Rico and the Virgin Islands) and to the West Coast (including Hawaii), respectively. The placement data as reported by the Maritime Administration of the United States Department of Transportation (or any successor government agency), will be updated twice a year (in November and May) based on the most recently available six month history of ANS placements. The effective dates of such updated weighting shall be the following January 1 and July 1 respectively. Volumes exported from the United States shall be excluded from the calculation of the percentages distributed to each region.

2. In the event that ANS is transported by pipeline from the West Coast to destinations east of the Rockies, the price weighting shall be adjusted to reflect the percentage of ANS actually distributed to each region both by vessel and pipeline. If such data regarding the destination of ANS transported by pipeline are not publicly available from the Maritime Administration, or any other government agency, the Quality Bank Administrator shall determine the percentage of ANS distributed to such regions.

3. The product prices used to calculate component unit values are taken from the Platt's Oilgram Price Report ("Platt's") and the Oil Pricing Information Service ("OPIS") as set forth in Attachment 2. Prices will be collected for each day markets are open and published prices are available (each "quote day"). The calculated monthly average price will be the average of each quote day mid-point price for the month. These resulting monthly average prices (adjusted as shown in Attachment 2) are used to calculate component unit values each month.

4. [W] In January of each year the adjustments to the prices for Light Distillate, Heavy Distillate, and Resid shall be revised in accordance with changes in the Nelson-Farrar Index (Operating Indexes Refinery) published in the Oil & Gas Journal, by multiplying the adjustments in effect for the previous year by the ratio of (a) the average of the monthly indexes that are then available for the most recent 12 consecutive months to (b) the average of the monthly indexes for the previous (i.e., one year earlier) 12 consecutive months.

5. a. In the event that one of the product prices listed in Attachment 2 is no longer quoted in one of the two markets (West Coast or Gulf Coast), the price quoted for the product in the remaining market shall be used to value the entire component.

b. If both of the product prices listed in Attachment 2 for a component are no longer quoted or if the specifications or other basis for the remaining quotation(s) is radically altered, the Quality Bank Administrator shall notify the FERC, the [W] RCA and all shippers of this fact and propose an appropriate replacement product price, with explanation and justification. Comments may be filed with the FERC and [W] RCA within thirty days of the filing by the Quality Bank Administrator. If the FERC and [W] RCA take no action within sixty days of the filing, the replacement product price proposed by the Quality Bank Administrator will become effective as of the sixtieth day. [W] For the period between the time that quotation of a product price is discontinued or the specifications or other basis for a quotation is radically altered and the time that the Commissions approve the use of a replacement product price, the Quality Bank Administrator shall use as the unit value of the component in question the unit value for the last month for which a product price was available for such component.

6. For any particular month of Quality Bank calculations, the pricing data for the month of shipment will be used (i.e., the prices are current with the volumes and assay data).

H. Quality Bank Stream Component Calculation Procedure

After all volume, quality, and pricing data are collected, the Quality Bank Administrator will establish quality differentials for each stream identified in Sections III.B., III.C., and III.D.

I. Quality Bank Calculations Procedure

The assay data and calculation procedures required by this Methodology are summarized in the Attachments. The Attachments are for reference purposes only and are not intended to predict the impact of this procedure on any specific petroleum stream or any specific company. In the event of a conflict between the provisions of this Methodology as set forth above and the Attachments, the provisions of this Methodology shall control.

ATTACHMENT 1: Yield Data for Example Streams
 ATTACHMENT 2: Component Unit Value Pricing Basis
 ATTACHMENT 3: Example Component Unit Values in \$/Bbl
 ATTACHMENT 4: Example Stream Values in \$/Bbl
 ATTACHMENT 5: Quality Bank Calculation Example

J. Unanticipated Implementation Issues

This Methodology is intended to contain a comprehensive treatment of the subject matter. However, unanticipated issues concerning implementation of this Methodology may arise. If so, the Quality Bank Administrator is authorized to resolve such issues in accordance with the best understanding of the intent of the FERC and [W] RCA that the Quality Bank Administrator can derive from their orders regarding the Quality Bank methodology. The Quality Bank Administrator's resolution of any such issue shall be final unless and until changed prospectively by orders of the FERC and [W] RCA.

Explanation of Symbols: [W] Change in wording only.

31186 IDOC

ATTACHMENT 1
YIELD DATA FOR EXAMPLE STREAMS

| COMPONENT | DEFINITION | STREAM A | STREAM B | STREAM C |
|--------------------------------------------|---------------------|----------|----------|----------|
| | BOILING RANGE (°F) | | | |
| PROPANE (C ₃) | --- | 0.15 | 0.00 | 0.10 |
| ISOBUTANE (iC ₄) | --- | 0.10 | 0.02 | 0.40 |
| NORMAL BUTANE (nC ₄) | --- | 0.50 | 0.10 | 2.00 |
| LSR | C5-175 | 4.50 | 3.50 | 6.00 |
| NAPHTHA | 175-350 | 13.50 | 11.00 | 5.50 |
| LIGHT DISTILLATE | 350-450 | 9.00 | 9.00 | 2.00 |
| HEAVY DISTILLATE | 450-650 | 21.00 | 22.00 | 16.00 |
| GAS OIL | 650-1050 | 31.25 | 30.38 | 41.00 |
| RESID | 1050+ | 20.00 | 24.00 | 27.00 |
| TOTAL | | 100.00 | 100.00 | 100.00 |
| EXAMPLE VOLUME, Thousand Barrels per Month | | 34,000 | 9,000 | 2,500 |

ATTACHMENT 2

COMPONENT UNIT VALUE PRICING BASIS

PROPANE (C₃)

| | |
|-------------------------------------------------|---------------------------------------------------------------|
| United States Gulf Coast | United States West Coast |
| Platt's Mt. Belvieu, TX spot quote for Propane. | OPIS's (weekly) Los Angeles delivered spot quote for Propane. |

ISOBUTANE (iC₄)

| | |
|---------------------------------------------------|-----------------------------------------------------------------|
| United States Gulf Coast | United States West Coast |
| Platt's Mt. Belvieu, TX spot quote for Isobutane. | OPIS's (weekly) Los Angeles delivered spot quote for Isobutane. |

NORMAL BUTANE (nC₄)

| | |
|-------------------------------------------------------|---------------------------------------------------------------------|
| United States Gulf Coast | United States West Coast |
| Platt's Mt. Belvieu, TX spot quote for Normal Butane. | OPIS's (weekly) Los Angeles delivered spot quote for Normal Butane. |

LIGHT STRAIGHT RUN (C₅ - 175°F)

| | |
|------------------------------------------------------------|------------------------------------------------------------------------|
| United States Gulf Coast | United States West Coast |
| Platt's Mt. Belvieu, TX spot quote for Natural Non-Dynegy. | OPIS's (weekly) Bakersfield delivered spot quote for Natural Gasoline. |

NAPHTHA (175° - 350°F)

| | |
|------------------------------------------------------------|------------------------------------------------------------|
| United States Gulf Coast | United States West Coast |
| Platt's U.S. Gulf Coast spot quote for Waterborne Naphtha. | Platt's U.S. Gulf Coast spot quote for Waterborne Naphtha. |

LIGHT DISTILLATE (350° - 450°F)

| United States Gulf Coast | United States West Coast |
|-------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| Platt's U.S. Gulf Coast spot quote for Waterborne Jet Kerosene 54 less 0.4906 cents per gallon. | Platt's U.S. West Coast spot quote for Waterborne Jet Fuel less 0.4906 cents per gallon. |

HEAVY DISTILLATE (450° - 650°F)

| United States Gulf Coast | United States West Coast |
|---------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| Platt's U.S. Gulf Coast spot quote for Waterborne No. 2 less 1.9620 cents per gallon. | [W] Platt's U.S. West Coast spot quote for Waterborne Gasoil for October, 1999 less 0.9973 cents per gallon. See note below. |

GAS OIL (650° - 1050°F)

| United States Gulf Coast | United States West Coast |
|--------------------------------------------------------------|--------------------------------------------------------------|
| OPIS's U.S. Gulf Coast spot quote for barge High Sulfur VGO. | OPIS's U.S. Gulf Coast spot quote for barge High Sulfur VGO. |

RESID (1050°F and Over)

| United States Gulf Coast | United States West Coast |
|------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| Platt's U.S. Gulf Coast spot quote for Waterborne No. 6 Fuel Oil 3.0% Sulfur less 4.4145 cents per gallon. | Platt's U.S. West Coast spot quote for Pipeline 380 cst at Los Angeles converted to \$/Bbl using 6.37 Bbl/MT less 4.4145 cents per gallon. |

Explanation of symbols:

[N] New

[W] Change in wording only

[N] Note -- The West Coast Heavy Distillate unit value is effective November 1, 1999 pursuant to the FERC and RCA orders referenced on the cover.

ATTACHMENT 3
EXAMPLE COMPONENT UNIT VALUES IN \$/Bbl

| COMPONENT NAME | WEST COAST (\$/Bbl) | GULF COAST (\$/Bbl) | WEIGHTED AVERAGE (\$/Bbl) |
|----------------------------------|--------------------------------|--------------------------------|--------------------------------------|
| Propane (C ₃) | 19.7925 | 15.0442 | 19.68 |
| Isobutane (iC ₄) | 24.1238 | 18.4333 | 23.99 |
| Normal Butane (nC ₄) | 18.1125 | 18.4800 | 18.12 |
| LSR (C ₅ - 175°F) | 18.5850 | 19.5854 | 18.61 |
| Naphtha (175°F - 350°F) | 21.3383 | 21.3383 | 21.34 |
| Light Distillate(350°F - 450°F) | 25.9817 | 22.9396 | 25.91 |
| Heavy Distillate(450°F - 650°F) | 23.0000 | 22.1112 | 22.98 |
| Gas Oil (650°F - 1050°F) | 20.8133 | 21.8133 | 20.84 |
| Resid (1050°F and over) | 14.6349 | 15.0000 | 14.64 |
| WEIGHTING FACTOR | 97.71 | 2.29 | |

ATTACHMENT 4
EXAMPLE STREAM VALUES IN S/Bbl

| COMPONENT NAME | STREAM A | STREAM B | STREAM C |
|---------------------------------|-----------|-----------|-----------|
| Propane (C3) | 0.029520 | 0.000000 | 0.019680 |
| Isobutane (iC4) | 0.023990 | 0.004798 | 0.095960 |
| Normal Butane (nC4) | 0.090600 | 0.018120 | 0.362400 |
| LSR (C5 - 175°F) | 0.837450 | 0.651350 | 1.116600 |
| Naphtha (175°F - 350°F) | 2.880900 | 2.347400 | 1.173700 |
| Light Distillate(350°F - 450°F) | 2.331900 | 2.331900 | 0.518200 |
| Heavy Distillate(450°F - 650°F) | 4.825800 | 5.055600 | 3.676800 |
| Gas Oil (650°F - 1050°F) | 6.512500 | 6.331192 | 8.544400 |
| Resid (1050°F and over) | 2.928000 | 3.513600 | 3.952800 |
| TOTAL | 20.460660 | 20.253960 | 19.460540 |

ATTACHMENT 5
QUALITY BANK CALCULATION EXAMPLE

QUALITY BANK REFERENCE STREAM VALUE CALCULATION

| | VOLUME (MBPM) | VALUE (\$/Bbl) | TOTAL VALUE M\$/Month |
|------------------------------|------------------|--------------------------|--------------------------|
| STREAM A | 34,000 | 20.460660 | \$ 695.66 |
| STREAM B | 9,000 | 20.253960 | \$ 182.29 |
| STREAM C | 2,500 | 19.460540 | \$ 48.65 |
| TOTAL: (REFERENCE STREAM) | 45,500 | 20.364823 ⁽¹⁾ | \$ 926.60 |

(1) Total value divided by total volume.

QUALITY BANK PAYMENT/RECEIPT CALCULATIONS

| | <u>DIFFERENTIAL</u> ⁽²⁾ | (MBPM) | PAYMENT OR RECEIPT (M\$/Month) ⁽³⁾ |
|----------|------------------------------------|--------|--------------------------------------------------|
| STREAM A | 0.095837 | 34,000 | \$ 3,258.47 |
| STREAM B | (0.110863) | 9,000 | \$ (997.76) |
| STREAM C | (0.904283) | 2,500 | \$ (2,260.71) |

(2) Stream value minus reference value.
(3) Differential times volume.